Accountability Audit Report

Mason County Fire Protection District No. 5

For the period January 1, 2014 through December 31, 2014

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February 1, 2016

Board of Commissioners
Mason County Fire Protection District No. 5
Shelton, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor’s Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government’s stewardship of public resources.

The attached comprises our report on the District’s compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA
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AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to District management in a letter dated January 20, 2016, related to controls over fuel, leave balances, and small and attractive assets. We appreciate the District’s commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Mason County Fire Protection District No. 5 from January 1, 2014 through December 31, 2014.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District’s uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Safeguarding of small and attractive
- Open public meeting minutes
- Payroll
- Advance expense account
- Payments/expenditures
- Fuel usage
- Financial condition
## STATUS OF PRIOR AUDIT FINDINGS

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Mason County Fire Protection District No. 5. The State Auditor’s Office has reviewed the status as presented by the District.

<table>
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<tr>
<th>Audit Period:</th>
<th>Report Ref. No.:</th>
<th>Finding Ref. No.:</th>
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<tr>
<td>FY 2012-2013</td>
<td>1012846</td>
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### Finding Caption:
The District is at risk of not being able to meet its financial obligations.

### Background:
The District had the following financial risk indicators: a low cash balance, Current Expense expenditures exceeded revenues in three of the last four years, used the full line of credit available, borrowed money from county in the form of registered warrants.

The District did not have a formal plan on how to address all financial concerns noted and were at risk of not being able to meet its financial obligations.

### Status of Corrective Action: (check one)
- □ Fully Corrected
- X Partially Corrected
- □ No Corrective Action Taken
- □ Finding is considered no longer valid

### Corrective Action Taken:
We moved forward to pass our 6 year EMS Levy which brought additional 514,000 a year to our budget. In addition we have had staff retirement and some move on without replacement. We are looking at making additional payments to our line of credit to get this paid down sooner. Our Long Range plan is to do an annexation with the City of Shelton in 2017 and that will then increase our revenue stream by 375,000. We do have a large development going in across the freeway from Walmart that will increase our tax base for increase revenue.
RELATED REPORTS

Financial

Our opinion on the District’s financial statements is provided in a separate report, which includes the District’s financial statements. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.
INFORMATION ABOUT THE DISTRICT

Mason County Fire Protection District No. 5 provides property protection and emergency medical services for the residents of a 157 square-mile semi-rural area in Mason County.

An elected, three-member Board of Commissioners governs the District. The Board appoints a Fire Chief to oversee the District’s daily operations as well as its approximately 30 employees and 31 volunteer firefighters. Property taxes and patient fees are the primary sources of revenue. In fiscal year 2014, the District reported an annual budget of approximately $5.5 million.

Contact information related to this report

| Address:          | Mason County Fire Protection District No. 5  
P.O. Box 1910  
Shelton, WA  98584-5022 |
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<tr>
<td>Contact:</td>
<td>Tim McKern, Fire Chief</td>
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<td>Telephone:</td>
<td>(360) 432-5171</td>
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<tr>
<td>Website:</td>
<td><a href="http://www.cmfe.org">www.cmfe.org</a></td>
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*Information current as of report publish date.*

Audit history

ABOUT THE STATE AUDITOR’S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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